



TOM TINDALL
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

April 30, 2013

To: Audit Committee

From: Tom Tindall
Director

A handwritten signature in cursive script, appearing to read "Tom Tindall", is written over the printed name and title.

Subject: **REVIEW OF BOARD POLICY NO. 5.065 – NONPROFIT CONTRACTOR REQUIREMENTS POLICY**

Based on the request of the Executive Office of the Board, the Internal Services Department, in conjunction with Chief Executive Office and County Counsel reviewed Board Policy 5.065 - Nonprofit Contractor Requirements Policy. At this time, we are recommending the following revisions:

- Reference Section – Add a link to the "Charitable Contributions Certification" form (form attached).
- Policy Section – Remove the "Charitable Contributions Certification" form.
- Responsible Department – Identify Internal Services Department as the lead responsible department.
- Date Issued/Sunset Date – Extend the sunset review date to July 17, 2017.

Attached is red-line version of the policy, as requested by the Executive Office.

If you have any questions regarding this request, please let me know or your staff may contact Joe Sandoval at (323) 267-2109 or at jsandoval@isd.lacounty.gov.

TT:JS:LG:gk

Attachments

c: Executive Officer, Board of Supervisors
Chief Executive Office
County Counsel



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

| Policy #: | Title: | Effective Date: |
|-----------|--|-----------------|
| 5.065 | Nonprofit Contractor Requirements Policy | 09/06/05 |

PURPOSE

Requires, if appropriate for such services, contract and solicitation language, and compliance certification to ensure that County contractors who raise or receive charitable contributions comply with state law.

REFERENCE

February 8, 2005, [Board Order 10](#)

February 18, 2005, Chief Administrative Officer memorandum to affected department heads, "Senate Bill 1262 – The Nonprofit Integrity Act of 2004"

June 17, 2005, [Chief Administrative Officer memorandum to each Supervisor](#), "Senate Bill 1262 – The Nonprofit Integrity Act of 2004"

September 6, 2005, Board Order 22

["Charitable Contributions Certification" from](#)

POLICY

Los Angeles County supports State efforts to prevent misuse of charitable contributions by those who raise or receive them, including Senate Bill 1262 – the Nonprofit Integrity Act of 2004. It is the responsibility of existing and future County contractors to determine if their activities in raising or receiving charitable assets are regulated. The County seeks to assist its nonprofit contractors in complying with their obligations, and accordingly, this Policy requires the following:

- County departments conducting a solicitation or executing a contract are required to determine if proposers/contractors are nonprofits and will include the provisions of SB 1262 as appropriate.
- County contract solicitations and all new and renewed County contracts must, if appropriate for such services, include the standard language specified below. Inclusion is mandatory for departments whose principal mission is providing social services.
- Existing and prospective County contractors must, if appropriate for such services, certify in new, renewed, or amended contracts their compliance with State law, or their acknowledgment of future compliance upon becoming subject during the term of a County contract.
- County departments issuing solicitations to nonprofits or contracting with them will provide nonprofits an information sheet intended to assist with SB 1262 compliance and identify available resources.
- Contract and solicitation language, Charitable Contributions Certification and an information sheet are included in the model solicitation documents, available to all County departments via the Internal Services Department maintained Website at <http://svcscontracting.mylacounty.info/msd.asp>.
- County departments must identify those contracts with nonprofits subject to SB 1262 when entering contracts in the electronic County Accounting and Purchasing System (eCAPS), consistent with protocols established by the Auditor-Controller.

Standard language to be used, if appropriate for such services, in all new County contracts, renewals and amendments:

CONTRACTOR'S CHARITABLE ACTIVITIES COMPLIANCE

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete the certification in Exhibit #, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

Standard language to be used, if appropriate for such services, in all solicitation documents:

PROPOSER'S CHARITABLE CONTRIBUTIONS COMPLIANCE

California's "Supervision of Trustees and Fundraisers for Charitable Purposes Act" regulates receiving and raising charitable contributions. Among other requirements, those subject to the Charitable Purposes Act must register. The 2004 Nonprofit Integrity Act (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. New rules cover California public benefit corporations, unincorporated associations, and trustee entities and may include similar foreign corporations doing business or holding property in California. Key Nonprofit Integrity Act requirements affect executive compensation, fund-raising practices and documentation. Charities with over \$2 million of revenues (excluding funds that must be accounted for to a governmental entity) have new audit requirements.

All prospective contractors must determine if they receive or raise charitable contributions which subject them to the Charitable Purposes Act and complete the certification form attached as Exhibit #. A completed Exhibit # is a required part of any agreement with the County.

In Exhibit #, prospective contractors certify either that:

- ✓ They have determined that they do not now receive or raise charitable contributions regulated under the California Charitable Purposes Act, (including the Nonprofit Integrity Act) but will comply if they become subject to coverage of those laws during the term of a County agreement,

Or:

- ✓ They are currently complying with their obligations under the Charitable Purposes Act, attaching a copy of their most recent filing with the Registry of Charitable Trusts.

Prospective County contractors that do not complete Exhibit # as part of the solicitation process may, in the County's sole discretion be disqualified from contract award. A County contractor that fails to comply with its obligations under the Charitable Purposes Act is subject to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

Compliance statement to be used, if appropriate for such services, in all new County contracts, renewals and amendments:

CHARITABLE CONTRIBUTIONS CERTIFICATION

~~Address~~

~~California Registry of Charitable Trusts "CT" number (if applicable)~~

~~The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.~~

~~YES~~

NO

~~Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.~~

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OR

~~Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, Sections 300.301 and Government Code Sections 12585-12586.~~

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Signature Date

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Name and Title (please type or print)

RESPONSIBLE DEPARTMENT

Internal Services Department

Chief Executive Office

County Counsel

DATE ISSUED/SUNSET DATE

Issue Date: September 6, 2005

Re-Issue Date: July 16, 2009

Review Date: April 25, 2013

Sunset Review Date: September 6, 2009

Sunset Review Date: July 16, 2013

Sunset Review Date: July 17, 2017

CHARITABLE CONTRIBUTIONS CERTIFICATION

Company Name

Address

Internal Revenue Service Employer Identification Number

California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

| CERTIFICATION | YES | NO |
|---|-----|-----|
| Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed. | () | () |

OR

| | | |
|--|-----|-----|
| Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, Sections 300-301 and Government Code Sections 12585-12586. | () | () |
|--|-----|-----|

Signature Date

Name and Title (please type or print)